



Minnesota Gambling Control Board

# GAMING NEWS

## October/November/December 2011

### Gambling Control Board

**William Goede, Chair  
(Plainview)**

Committee: Executive

**Norm Pint, Vice-Chair  
(New Prague)**

Committees: Executive;  
CRG (chair)

**William Gillespie, Secretary  
(St. Paul)**

Committees: Executive;  
Legislative (chair); CRG

**Robert Hyde (Plymouth)**

Committees: Rules (chair)

**Geno Fragnito (Woodbury)**

Committees: Rules, Legislative

**Susan McCarville (Hopkins)**

Committees: Rules; CRG

**Gary Sigfrinius (Forest  
Lake)**

Committees: Legislative

**Monthly board meetings  
are open to the public  
and held at:**

Gambling Control Board office,  
Suite 300 South,  
1711 West County Road B,  
Roseville, Minnesota.

**2011**

Friday, November 18, 2011,  
10:30 am, in conjunction with the  
ACM convention in St. Cloud.

Monday, December 19, 2011,  
10 am, Roseville

**2012 - Roseville**

Tuesday, January 17, 2012  
Tuesday, February 21, 2012  
Monday, March 19, 2012  
Monday, April 16, 2012  
Monday, May 21, 2012  
Monday, June 18, 2012

The agenda is posted at:  
[www.gcb.state.mn.us](http://www.gcb.state.mn.us)

### DIRECTOR'S COLUMN

**Tom Barrett, Executive Director**

**The Numbers Look Good!**

I consider myself a "numbers guy" and based on what I've seen the last few weeks, the numbers for charitable gambling are looking better!

Since January 2011, monthly gross receipts for charitable gambling in Minnesota have shown an increase in each month compared to the same period of time last year. The industry has not seen that kind of activity since the smoking ban went into effect.

Gross receipts reported during the month of August 2011 were nearly 5% ahead from the same period in 2010.

One factor might include the allowance for charitable gaming activity to continue during the government shutdown while other gaming formats such as the state lottery and pari-mutuel horse racing were idle. But I also see the increase in bar bingo activity and cooperative efforts between bar owners and charities to promote the games and special activities.

I also give credit to the licensed manufacturers and distributors who work hard to keep new games available and help promote the benefits of charitable gaming in Minnesota. On average, the Gambling Control Board approves nearly 400 new pull-tab games every month! By comparison, the state lottery introduces approximately 4 new scratch games per month.

It's that time of the year (actually its past that time of the year) for organizations to file their annual financial summary and those numbers look pretty good too. Based on our initial review, fewer organizations were under the 30% minimum for lawful purpose expenditures (LPE) when compared to last year's reports. Net receipts are up 1% when compared to last year. We expect to complete our review of all the reports submitted and have a public report available for review on our website next month.

**Thanks for the "Thanks"!**

The Board received quite a few "thanks" from charitable gaming organizations for allowing charitable gaming activity to continue during the state government shutdown.

I am happy to report that while our regulatory work at the Gambling Control Board did not meet the criteria for "critical services" in order to keep our offices open, we found few problems with charitable gaming operations once we all came back to work. This is a credit to gambling managers and industry representatives that simply "did the right thing"!

As an added note, could you imagine the fiscal impact if we decided to stop all charitable gaming during the shutdown? It would have affected over 10,000 paid employees, almost 100 distributor salespersons, 2,700 retail/bar establishments, and loss of about \$3 million in taxes. Those are some numbers I'm glad we didn't see.

**GCB now on Twitter**

In addition to the website, the Board is now using Twitter to help publicize notices and updates, such as crime alerts, upcoming classes, results of board meetings, and more. On Twitter you can find us at @Minnesota GCB.

## Continuing Education Classes

- Preregistration is not required for continuing education classes.
- Classes are free and open to the public.
- **Reminder:** Gambling managers are required to attend at least one continuing education class each CALENDAR YEAR.
- Check our web site at [www.gcb.state.mn.us](http://www.gcb.state.mn.us) for updates and changes.

**LAST CHANCE  
FOR 2011 CREDIT**

### TOPIC: TAX FORM CHANGES EFFECTIVE JANUARY 2012.

- **December 13, 2011 at 10:00 am,** Gambling Control Board, Suite 300 South, 1711 West County Road B, **Roseville**
- **December 13, 2011 at 2:00 pm,** Hibbing Memorial Building, Dining room, 400 East 23rd Street, **Hibbing**
- **December 15, 2011 at 7:00 pm,** BestWestern Kelly Inn, University Room A, 100 4th Avenue South, **Saint Cloud**
- **December 13, 2011 at 2:00 pm,** South Central College, Conference Center A, 1920 Lee Boulevard, **North Mankato**
- **December 15, 2011 at 2:00 pm,** AmericanInn Lodge and Suites, 526 Western Avenue, **Fergus Falls**
- **December 29, 2011 at 2:00 pm,** Gambling Control Board, Suite 300 South, 1711 West County Road B, **Roseville**

### TOPIC: TAX FORM CHANGES EFFECTIVE JANUARY 2012.

- **January 10, 2012 at 1:00 pm,** Hampton Inn and Suites, Sunken Island Room, 1019 Paul Bunyan Drive South, **Bemidji**
- **January 11, 2012, at 7:00 pm,** AmericanInn Lodge and Suites, Fergus Falls Room, 526 Western Avenue, **Fergus Falls**
- **January 18, 2012 at 7:00 pm,** Gambling Control Board, Suite 300 South, 1711 West County Road B, **Roseville**
- **January 25, 2012 at 7:00 pm,** South Central College, Conference Center A, 1920 Lee Boulevard, **North Mankato**
- **February 9, 2012 at 2:00 pm,** BestWestern Kelly Inn, University B room, 100 4th Avenue South, **Saint Cloud**

### TOPIC: ADVERTISING AND MARKETING...ARE YOU IN THE GAME

- **May 3, 2012, at 7:00 pm,** Lyon County Government Center, Commissioner Rooms 1 and 2, 607 Main Street, **Marshall**
- **May 8, 2012 at 7:00 pm,** Gambling Control Board, Suite 300 South, 1711 West County Road B, **Roseville**
- **May 8, 2012, at 7:00 pm,** Plaza Hotel and Suites, Rosewood II Room, 1025 Highway 61 East, **Winona**
- **May 8, 2012, at 7:00 pm,** C'Mon Inn, 1586 Highway 59 South, **Thief River Falls**
- **May 10, 2012 at 7:00 pm,** BestWestern Kelly Inn, University A Room, 100 4th Avenue South, **Saint Cloud**
- **May 16, 2012, at 7:00 pm,** Forestry Service Center, Stine Room, 175 University Road, **Cloquet**

**Classes will not be conducted in  
March, April, June, and July 2012.**

## CRG Report

The Compliance Review Group (CRG), a committee of the Gambling Control Board, meets with licensees to conduct informal inquiries into alleged violations of lawful gambling statutes and rules. This information is a condensed report of recently completed CRG conferences. Penalties imposed are based on specific and unique information reviewed for each licensee.

Licensee	Consent Order Allegations	Consent Order Requirements
<b>Incarnation Church, Minneapolis, License 00639</b>	<ul style="list-style-type: none"> <li>Failed to maintain accounting records.</li> <li>Failed to use or complete required forms.</li> <li>Failed to maintain adequate internal controls.</li> <li>Failed to reimburse its gambling account for excess cash shortages.</li> <li>Failed to make deposits within four business days.</li> <li>Failed to reconcile its profit carryover.</li> <li>Failed to implement an adequate surveillance system to monitor paddlewheel with table activity.</li> <li>Conducted lawful gambling without sufficient supervision of a licensed gambling manager.</li> </ul>	<ul style="list-style-type: none"> <li>\$1,000.00 civil penalty.</li> <li>File corrective action plan.</li> <li>2 gambling oversight committee members must attend gambling manager seminar and pass the exam.</li> <li>Reconcile or reimburse its profit carryover variance.</li> <li>Resolve all issues contained in the Compliance Review.</li> <li>Maintain a zero profit carryover variance.</li> </ul>
<b>Osseo Maple Grove Hockey Association, License 02505</b>	<ul style="list-style-type: none"> <li>Illegal gambling occurred at Malone's Bar &amp; Grill.</li> </ul>	<ul style="list-style-type: none"> <li>Prohibited from paying rent for 90 days at site.</li> <li>File corrective action plan.</li> </ul>
<b>Coon Rapids Mat Bandits Wrestling Club, Coon Rapids, License 05645</b>	<ul style="list-style-type: none"> <li>Failed to maintain adequate internal controls.</li> <li>Filed inaccurate information with Revenue.</li> <li>Made expenditures which do not qualify as an allowable expense.</li> <li>Failed to maintain correct and complete accounting records.</li> </ul>	<ul style="list-style-type: none"> <li>\$500.00 civil penalty.</li> <li>Resolve all issues contained in the focused compliance review.</li> </ul>

## Citations Paid in August, September, and October 2011

Licensee	Violation	Amount
• <b>VFW Post 806 Aux, Princeton</b> License 01148	Gambling manager failed to provide sufficient supervision and adequate internal controls to prevent theft.	\$500
• <b>Pollard Games Inc, dba American Games</b> , License MA039	Sold and shipped a pull-tab deal to an Indian tribe with the Minnesota symbol printed on the game flare.	\$400
• <b>VFW Post 10796, Ham Lake</b> License 05861	Failed to comply with Board requests for documentation.	\$400
• <b>Brooklyn Center Lions Club</b> License 01834	Records not retained for 3.5 years.	\$300
• <b>Coon Rapids Youth Hockey Association</b> , License 35285	Paddleticket records not retained for 3.5 years.	\$200
• <b>Foxtailers Snowmobile Club, St. Michael</b> , License 04858	Check not signed by two active members.	\$50

## Tax Form Changes, Starting with January 2012 Reports



As part of a new agency-wide tax system that the Department of Revenue [Revenue] is implementing in January 2012, lawful gambling reporting forms are being modified. The Gambling Control Board [Board] worked with Revenue on the form changes.

The new tax forms and instructions will be mailed by Revenue to all organizations the first week of December 2011. The tax forms will also be available at <http://taxes.state.mn.us/special/gambling/pages/forms.aspx> Board forms will be available at [www.gcb.state.mn.us](http://www.gcb.state.mn.us) under *Forms for Licensed Organizations*.

### What's changing?

- **G1** - The G1 will only have 24 lines to complete instead of 47, as the breakdown of allowable expenses will only be done on Schedule A.
  - Profit carryover and approved adjustments will be reported on the revised Schedule F.
  - Purchases of gambling products paid during the month for all sites will be reported on the *cash basis*.
  - Also required is the end of month cash balance in start banks for all sites.
- **Schedule NRL - Net Receipts Loss** - Line 5 of the old G1 for the carryover loss is eliminated and replaced with the new Schedule NRL - Net Receipts Loss. Schedule NRL will be used to track losses on the total net receipts for bingo, raffle, and paddlewheel activity for the purpose of reducing the taxable amount on future profits from these games.
- **Schedule A** - Schedule A will be required for all sites, even if an organization has only one site. Other changes include inventory purchases reported on the *cash basis*, dollar value of ending physical inventory reported by site, and starting cash bank reported by site.
- **Schedule B2** - Letters for the columns have been changed, and a box was added for fund loss games destroyed by Revenue.
- **Schedule C** - Changes include deletion of the Schedule D section, as all B code expenditures will be reported on the Schedule C. The form number LG1010 is being deleted.
- **Schedule ER** - Schedule ER will calculate a *tax credit* rather than the *tax payment*.
- **Schedule F** - Changes include profit carry-over being calculated on this form; ending game inventory are not included in the additions; and the cost of games received but not paid are no longer included in subtractions. All questions regarding adjustments and reimbursements will be handled by the Board's compliance specialists.
- **Worksheet CS** - Other than minor design changes, the form content remains essentially the same.
- **Worksheet P** - As part of the new Worksheet P - Lawful Gambling Site Profitability, Board staff has added a second page to help organizations further evaluate their gambling sites. The worksheet is designed to provide questions that will give your organization the basis for evaluating and discussing the why's, what's and how's of your operation. It will also give your organization suggestions on how to improve, advertise, and promote your gambling operations and sites.
- **Form G7430** - Changes include lines to report unsold tickets from fund losses reported at ideal, and destroyed or defective games have been eliminated. All unsold tickets for these games are reported on the Schedule B2 and included on line 24 of the G1 in the month the game was reported.
- **Mail all to Revenue** - Starting with January 2012 reports, organizations will mail their Schedules A, C, and F to Revenue along with their lawful gambling tax reports. **That's right...the Schedule C will not be mailed to the Gambling Control Board. You'll mail everything to one address at the same time...to Revenue.** The Board will have access to the schedules through Revenue's system.

## Annual Inventory and Cash Count Requirements

At the end of each **organization's fiscal year**, organizations are required to conduct an inventory and cash count. The summaries must be submitted to the Department of Revenue within 30 days after the organization's fiscal year end.

Three forms must be completed, and they are:

- CC Annual Certified Cash Count for Games in Play by Site [formerly G1CC]
- CI Annual Certified Physical Inventory and Cash Count Summary [formerly G1C1]
- INV Annual Certified Physical Inventory by Site [formerly G1INV]

### CC Annual Certified Cash Count by Site

A separate Form CC must be completed for each site to record the certified cash count for games in play.

A certified cash count for games in play must be taken for each site on the last day of the fiscal year at the close of business, or the first day of the new fiscal year before the start of business.

The certified cash count must be completed by:

- **two** members, officers or employees of the organization not directly involved in the organization's gambling activities who have been appointed by the organization's board, **or**
- an independent certified public accountant (CPA).



The individuals who conduct the cash count must sign the form to certify that the information is correct.

Submit the completed Form CC to the chief executive officer (CEO) or gambling manager as soon as possible after the close of the organization's fiscal year.

### Annual Certified Physical Inventory by Site - Form INV

All organizations must complete and submit a separate Form INV to record the certified physical inventory for each site.



A certified physical inventory of all sites must be taken on the last day of the organization's fiscal year at the close of business, or the first day of the new fiscal year before the start of business.

The certified physical inventory must be completed by:

- two members, officers or employees of the organization who are not directly involved in the organization's gambling activities, and have been appointed by the organization's board, **or**
- an independent certified public accountant (CPA).

The individuals who conduct the physical inventory must certify that the information is correct.

Submit the completed Form INV to the chief executive officer (CEO) or gambling manager as soon as possible after the close of the organization's fiscal year.

### C1 Annual Certified Physical Inventory and Cash Count Summary

- Form CI is used to summarize the inventory and cash count of all sites after physical inventories and cash counts have been conducted.
- The annual certified physical inventory and cash count summary must be completed and signed by the chief executive officer (CEO) and the gambling manager.
- The organization has 30 days from its fiscal year end to submit the necessary reporting forms to the Department of Revenue.





## Compliance Specialists

# Compliance Questions?

*We're here to help!*



- Internal controls
- Member involvement
- Inventory
- Allowable expenses
- Lawful purpose
- Conduct of games
- Reports
- Schedules A, C, and F
- Site profitability
- and more . . .

*Contact your  
compliance specialist*

### ROSEVILLE

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### ST. PETER

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**Joanne O'Brien, 507-931-5112**

[joanne.obrien@gcb.state.mn.us](mailto:joanne.obrien@gcb.state.mn.us)

## Compliance Specialist - Effective January 2012

<b><u>County</u></b>	<b><u>Specialist</u></b>
Aitkin .....	Michael Tuominen
Anoka .....	Jill Perron
Becker .....	Virginia Cote
Beltrami .....	Gary Simonson
Benton .....	Brett McKeever
Big Stone .....	Virginia Cote
Blue Earth .....	Dave Pherson
Brown .....	Joanne O'Brien
Carlton .....	Michael Tuominen
Carver .....	Alyce Jacobs
Cass .....	Michael Tuominen
Chippewa .....	Cindy Krueger
Chisago .....	Alyce Jacobs
Clay .....	Judy Adamec
Clearwater .....	Gary Simonson
Cook .....	Gary Simonson
Cottonwood .....	Dave Pherson
Crow Wing .....	Michael Tuominen
Dakota .....	Rita Neely
Dodge .....	Teri Driver
Douglas .....	Judy Adamec
Faribault .....	Dave Pherson
Fillmore .....	Marie Robinson
Freeborn .....	Dave Pherson
Goodhue .....	Marie Robinson
Grant .....	Virginia Cote
Hennepin .....	Warren Walberg
Houston .....	Marie Robinson
Hubbard .....	Michael Tuominen
Isanti .....	Alyce Jacobs
Itasca .....	Gary Simonson
Jackson .....	Dave Pherson
Kanabec .....	Alyce Jacobs
Kandiyohi .....	Cindy Krueger
Kittson .....	Virginia Cote
Koochiching .....	Gary Simonson
Lac Qui Parle .....	Joanne O'Brien
Lake .....	Gary Simonson
Lake of the Woods .....	Gary Simonson
Le Sueur .....	Rita Neely
Lincoln .....	Joanne O'Brien
Lyon .....	Joanne O'Brien
Mahnomen .....	Virginia Cote
Marshall .....	Virginia Cote

<b><u>County</u></b>	<b><u>Specialist</u></b>
Martin .....	Dave Pherson
McLeod .....	Cindy Krueger
Meeker .....	Cindy Krueger
Mille Lacs .....	Alyce Jacobs
Morrison .....	Jill Perron
Mower .....	Kristine Koesling
Murray .....	Dave Pherson
Nicollet .....	Joanne O'Brien
Nobles .....	Dave Pherson
Norman .....	Judy Adamec
Olmsted .....	Kristine Koesling
OtterTail .....	Judy Adamec
Pennington .....	Virginia Cote
Pine .....	Alyce Jacobs
Pipestone .....	Joanne O'Brien
Polk .....	Virginia Cote
Pope .....	Virginia Cote
Ramsey .....	Teri Driver
Red Lake .....	Virginia Cote
Redwood .....	Joanne O'Brien
Renville .....	Joanne O'Brien
Rice .....	Kristine Koesling
Rock .....	David Pherson
Roseau .....	Judy Adamec
Scott .....	Rita Neely
Sherburne .....	Jill Perron
Sibley .....	Joanne O'Brien
St. Louis .....	Gary Simonson
Stearns .....	Brett McKeever
Steele .....	Kristine Koesling
Stevens .....	Warren Walberg
Swift .....	Cindy Krueger
Todd .....	Judy Adamec
Traverse .....	Virginia Cote
Wabasha .....	Marie Robinson
Wadena .....	Virginia Cote
Waseca .....	Kristine Koesling
Washington .....	Teri Driver
Watsonwan .....	Dave Pherson
Wilkin .....	Judy Adamec
Winona .....	Marie Robinson
Wright .....	Cindy Krueger
Yellow Medicine .....	Joanne O'Brien

Gambling Control Board  
1711 West County Road B, Suite 300 South  
Roseville, Minnesota 55113

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ST PAUL MN

State offices will be closed on November 11, 24, and 25, 2011; December 26, 2011;  
January 2 and 16, 2012; and February 20, 2012.

This publication will be made available in alternative format (large print, Braille) upon request.

### TRENDS in LAWFUL GAMBLING GROSS RECEIPTS

NOTE: Figures for the current calendar year are subject to change due to amended, corrected, or late tax returns.

	2011	% Change from 2010	2010	% Change from 2009	2009
January	79,332,000	0.52	78,919,000	-5.66	\$83,654,000
February	80,267,000	1.45	79,120,000	-4.95	83,237,000
March	93,381,000	2.87	90,774,000	-1.48	92,137,000
April	88,525,000	4.29	84,887,000	-3.03	87,535,000
May	84,924,000	3.24	82,260,000	-4.91	86,506,000
June	79,364,000	1.59	78,121,000	-2.62	80,222,000
July	82,786,000	2.19	81,008,000	-2.68	83,238,000
August	83,300,000	4.91	79,398,000	-4.61	83,231,000
September			80,490,000	+2.81	78,288,000
October			83,687,000	-0.21	83,865,000
November			77,810,000	-1.50	78,998,000
December			77,158,000	-0.63	77,644,000
	<b>\$671,879,000</b>	<b>2.66%</b>	<b>\$973,632,000</b>	<b>-2.50%</b>	<b>\$998,555,000</b>

### LAWFUL PURPOSE EXPENDITURES (includes taxes and fees)

January 2011 -----	\$6,725,000	April 2011 -----	\$8,608,000	July 2011 -----	\$4,409,000
February 2011 -----	\$6,788,000	May 2011 -----	\$9,956,000	August 2011 -----	\$5,169,000
March 2011 -----	\$9,077,000	June 2011 -----	\$9,622,000		

### AGENCY INDEX

#### Gambling Control Board

www.gcb.state.mn.us  
Roseville ----- 651-639-4000  
St. Peter ----- 507-931-5112  
Hibbing ----- 218-262-7301  
Fergus Falls ----- 218-739-7402

#### Department of Revenue

www.taxes.state.mn.us  
Lawful Gambling Tax Unit ----- 651-297-1772  
Email: lawfulgambling.taxes@state.mn.us

#### Department of Public Safety

www.dps.state.mn.us  
Alcohol & Gambling Enforcement -- 651-201-7500  
Minnesota's Bookstore ----- 1-800-657-3757  
www.minnesotasbookstore.com 651-297-3000  
Internal Revenue Service  
Forms ----- 1-800-829-1040  
Questions ----- 651-312-7716  
Minn. Problem Gambling Helpline --- 1-800-333-HOPE  
http://www.nojudgment.com